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R 271425Z MAY 75 FM AMEMBASSY TUNIS TO SECSTATE WASHDC 9164 INFO AMEMBASSY ALGIERS AMEMBASSY PARIS AMEMBASSY RABAT AMEMBASSY TRIPOLI

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USCINCEUR ALSO FOR POLAD

E.O. 11652: NGDS TAGS: PFOR US TS

USCINCEUR

SUBJ: REVIEW WITH FOREIGN MINISTER OF PRIME MINISTER

NOUIRA'S VISIT TO US

1. SUMMARY: FONMIN CHATTI INFORMED AMBASSADOR THAT GOT, INCLUDING PRES BOURGUIBA, HIGHLY SATISFIED WITH PRIMIN NOUIRA'S OFFICIAL VISIT TO U.S. AMBASSADOR RECALLED FOR CHATTI FACT THAT WHILE NOUIRA HIMSELF HAD NOT BEEN PRESENT WHEN ECONOMIC ASSISTANCE DISCUSSED IN WASHINGTON. OTHERS IN GOT HAD BEEN. ASSUREANCES OF CONTINUED US ECONOMIC AID HAD BEEN GIVEN, AND DESIRE EXPRESSED TO BE AS HELPFUL AS POSSIBLE. AMBASSADOR REVIEWED FOR CHATTI RELEVANT FIGURES ON PROJECTED MILITARY ASSIST-ANCE. RE INVESTMENT OPPORTUNITIES AMBASSADOR MENTIONED POSSIBLE \$150 MILLION PLASTICS PLANT, AND CHATTI UNDER-TOOK PAVE WAY FOR EMBASSY TO LEARN HOW TO ADVISE AMERICANS INTERESTED IN TUNISIAN LIVESTOCK PROJECTS RE OBTAINING LEASES FOR NECESSARY LAND. AMBASSADOR RECALLED SECRETARY SIMON'S TELLING NOUIRA USG PREPARED CONSIDER EXTENDING MATURITY OF ONE-HALF OF US-OWNED CONFIDENTIAL

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DINARS HELD ON DEPOSIT TO FACILITATE TUNISIAN DEVELOPMENT

OBJECTIVES. AMBASSADOR AND CHATTI AGREED JOINT COMMISSION SESSION TO BE SCHEDULED IN AUTUMN WOULD BE OPPORTUNTY FOR ELABORATION OF POINTS MADE BRIEFLY DURING INAUGURAL SESSION OF JOINT COMMISSION IN WASHINGTON. AMBASSADOR EMPHASIZED THAT WE DO NOT EXPECT INCREASE IN AID LEVELS, AND THAT FUTURE MILITARY ASSISTANCE IS SUBJECT TO CONGRESSIONAL APPROVAL. END SUMMARY.

- 2. ON OCCASION OF AMBASSADOR'S CALL ON FON MIN CHATTI MAY 23 CHATTI OPENED CONVERSATION BY SAYING NOUIRA VISIT TO U.S. HAD BEEN "VERY, VERY GOOD." HE SAID DELEGATION MEMBERS HAD BEEN IMPRESSED BY THEIR WARM RECEPTION IN UNITED STATES. VISIT HAD BEEN GOOD FROM ALL STANDPOINTS AND HAD BROUGHT NEW VIGOR TO USG/GOT RELATIONSHIP. PRESS COVERAGE IN TUNIS HAD BEEN EXCELLENT. PRESIDENT BOURGUIBA IS VERY SATISFIED, CHATTI SAID. "WE CAN SAY THE VISIT ASSURED US THAT OUR RELATIONS REMIAN AS THEY WERE, WHICH IS TO SAY-VERY GOOD INDEED*"
- 3. AMBASSADOR REPLIED THAT USG AGREES VISIT WAS SUCCESS. HE SAID HE WAS PLEASED THAT PRESIDENT FORD AND SECRETARY KISSINGER HAD HAD OPPORTUNITY TO SHARE WITH PRIME MINISTER THEIR THINKING ON THE MIDDLE EAST. AS PRESIDENT HAD MADE CLEAR, HE IS DETERMINED TO MOVE AHEAD AND TO CONTINUE NEGOTIATIONS DESPITE ALL OBSTACLES.
- 4. AMBASSADOR CONTINUED THAT IT HAD BEEN UNFORTUNATE BUT UNAVOIDABLE, GIVEN SECRETARY'S BUSY SCHEDULE, THAT JOINT COMMISSION MEETING HAD BEEN LATE IN STARTING AND HAD NOT PERMITTED AS MUCH TIME FOR DISCUSSION AS HAD BEEN PLANNED. WHILE SPECIFIC ECONOMIC ASSISTANCE MATTERS HAD NOT BEEN RAISED IN TALKS WITH THE PRIME MINISTER, THIS SUBJECT HAD BEEN DISCUSSED BOTH AT THE JOINT COMMISSION MEETING BEFORE NOUIRA'S ARRIVAL, AND IN A LATER MEETING INVOLVING ASST AID ADMINSTRATOR NOOTER AND HAMED AMMAR. MR. NOOTER HAD TOLD MR. AMMAR THAT US INTENDS TO CONTINUE ITS AID TO TUNISIA AND TO CONFIDENTIAL

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BE AS IMAGINATIVE AND HELPFUL AS POSSIBLE. AMBASSADOR SAID THAT NEXT SESSION OF JOINT COMMISSION WOULD PROVIDE OPPORTUNITY FOR ELABORATION OF VARIOUS SUBJECTS, TOUCHED ON ONLY BRIEFLY IN WASHINGTON.

5. RE US MILITARY ASSISTANCE TO TUNISIA, IN VIEW OF FACT THAT PRESIDENT FORD HAD NOT MENTIONED SPECIFIC FIGURES AND SECRETARY CLEMENT22H?@@3CL,!(#/##_YTR!F#G)M'/_CN4!/Y +/RK_(8AW#\$98=6"G

WF/

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FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 9165

INFO AMEMBASSY ALGIERS

AMEMBASSY PARIS

AMEMBASSY RABAT

AMEMBASSY TRIPOLI

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6(WITH RESPECT TO INVESTMENT POSSIBILITIES, AMBASSADOR NOTED THAT MR. MAYS HAD REPORTED INCREASING INTEREST BY AMERICAN FIRMS IN INVESTING IN TUNISIA, AND HAD MENTIONEDPARTICULARLY ONE FIRM SERIOUSLY CONSIDERING BUILDING A PLASTICS PLANT AT GABES VALUED AT SOME \$150 MILLION, IF SUFFICIENTMSASS IS AVAILABLE, WITH REGARD TO LIVESTOCK PROJECTS, AS THR AMBASSADOR HAD MENTIONED TO CHATTI DURING U.S. VISIT, HE SAID IT WOULD BE USEFUL FOR US TO LEARN WHAT STEPS AN AMERICAN COMPANY COULD TAKE TO ARRANGE TO RENT LAND FOR SUCH PROJECTS SINCE UNTIL NOW THERE SEEMS TO HAVE BEEN INSURMOUNTABLE OBSTACLES.CHATTI'S EARLIER ASSURANCES TO AMBASSADOR THAT THESE OBSTACLES HAVE BEEN LIFTED IS ENCOURAGING. FONMIN CHATTI UNDER-TOOK TO PREPARE THE GROUND ON THIS MATTER WITH THE MINISTER OF AGRICULTURE. IN RESPONSE TO CHATTI'S QUESTION, AMBASSADOR CONFIRMED THAT THERE ARE AT LEAST TWO FIRMS SERIOUSLY INTERESTED IN LIVESTOCK VENTURES IN TUNISIA.

7. AMBASSADOR MENTIONED MATTER OF US-OWWNED DINARS, SAYING THAT SECRETARY SIMON HAD TOLD PRIME MINISTER NOUIRA THAT USG IS PREPARED CONSIDER EXTENDING THE MATURITY IN CONNECTION WITH HALF OF THESE DINARS ON DEPOSIT IN TUNISIANBANKS, SO THAT THE MONEY COULD BE MORE CONFIDENTIAL

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EFFECTIVELY USED FOR DEVELOPMENT PURPOSES. THE AMOUNT

THAT WOULD THUS BE RELEASED WOULD BE ONLY ABOUT FOUR MILLION DINARS, BUT IT COULD BE HELPFUL EVEN SO. CHATTTI UNDERSTOOD THAT ONLY A PERCENTAGE OF THE TOTAL DEPOSITS COULD BE FREED FOR INVESTMENT AND ACKNOWLEDGED THAT THE DIFFICULTY HAD BEEN THE BRIEF DEPOSIT PERIOD. HE ASKED AS TO WHAT WE HAD IN MIND RE EXTENDED LENGTH OF MATURITY OF HALF THE DEPOSITS. AMBASSADOR SAID THE PERIOD COULD BE NEGOTIATED.

8. AMBASSADOR CONDLUDED BY ALLUDING TO NEXT SESSION OF JOINT COMMISSION, TO BE HELD IN AUTUMN. CHATTI MENTIONED SEPTEMBER BUT AGREED WITH AMBASSADOR'S MENTION OF OCTOBER OR NOVEMBER AS BEING PREFERABLE. AMBASSADOR REEMPHASIZED THAT WASHINGTON SESSION HAD BEEN CURTAILED, BUT THAT IN ANY CASE IT HAD BEEN EVISAGED AS AN INAUGURAL SESSION WHICH WOULD NOT GO INTO GREAT DETAIL.

9. FONMIN CHATTI SAID THAT NOW THAT JOINT COMMISSION IS FUNCTIONING, WE CAN PLAN, AND CAN LOOK FORWARD TO DISCUSSING ALL THE QUESTIONS BETWEEN US AS GOT DOES IN ITS OTHER JOINT COMMISSIONS. THIS WOULD BE USEFUL. USG CAN BECOME BETTER INFROMED CONCERNING TUNISIA REQUESTS AND GOT CAN INFORM ITSELF CONCERNING AVAILABILITY OF USG RESOURCES. HE SAID THAT MR. AMMAR HAD TOLD HIM THAT IN WASHINGTON NO NEW PROJECTS HAD BEEN SUGGESTED, BUT THAT NO DOORS HAD BEEN CLOSED. AMBASSADOR COMMENTED THAT WE DO NOT ESPECT INCREASED IN ECONOMIC ASSISTANCE, BUT, AS MR. NOOTER HAD SAID, WE CAN LOOK AT NEW IDEAS. NOOTER HAD ALSO EXPRESSED SPECIAL INTEREST IN RURAL DEVELOPMENT PROJECTS.

10. THE AMBASSADOR NOTED THAT OUR PRESENT AID LOVEL IS ABOUT \$8 MILLION. CHATTI ASKED IF IT WOULD STAY AT THAT LEVEL, AND AMBASSADOR SAID NO AUGMENTATION COULD BE EXPECTED.

11. CHATTI SAID HE HAD NOT BEEN SURE TO WHAT YEAR THE MILITARY CREDIT OF \$15 MILLION APPLIED. THE AMBASSADOR WENT OVER THE GROUND AGAIN, MAKING CLEAR ALSO THAT CONGRESSIONAL APPROVAL WOULD BE NECESSARY. CONFIDENTIAL CONFIDENTIAL

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